

## International Trade Services

The experienced staff of the Department of Commerce can help you assess the demand for your product outside of the United States, help plan your approach to international markets in a systematic fashion, and introduce you to potential customers, distributors, or partners, as well as support service providers who can assist you in developing profitable international transactions.

**Outreach Consultants** are located in different parts of the state in order to bring our services closer to the exporting community. Outreach Consultants work one-on-one with companies to solve export problems and plan for future export successes.

**Area Specialists** can help you understand the business culture of another country and how to best respond to foreign inquiries. They can also help you identify other important issues that can affect how customers in other countries may respond to your product. Area specialists travel to their markets for trade shows and trade missions, and have developed their own network of useful business contacts.

Our Overseas Office Network provides valuable resources in doing business across the globe. Wisconsin operates offices in Canada, Mexico, and Brazil,.

### Market Viability Study:

Our foreign offices will attempt to answer nine key questions on your behalf:

- Is the product culturally acceptable in the market?
- Is the product currently sold in the market?
- Is the product currently produced in the market?
- How much of the product is sold in the market?
- How is it sold?
- Who are your likely competitors?
- What are the tariffs, taxes, and other costs you will face when exporting to the market?
- How will your prices compare with your competitors?
- Are there significant regulatory issues that may affect market entry?

For consumer products, our foreign office staff will visit major retail outlets. For industrial/commercial products they will obtain information through visits or telephone contacts with strategic connections in the market.

With the above information, you will be able to make more informed decisions about whether to enter the market, what distribution method(s) to use, what discounts you may have to give to find a distributor, and what you can expect in sales potential.

It is not always possible to find answers to all nine questions. In some markets, reliable data is not available. It is also often difficult to determine potential total market size for many products in developing markets. What you will receive from our foreign office is the best available information.

Space is provided on our Service Request Form for additional questions you may have related to the market in question. Our overseas office staff will review your questions and determine if it is possible to provide such information within the scope of our market viability study service.

**Market Viability Study cost \$550 per study**

**-Visit our web page address at <http://www.commerce.wi.gov> -**

## **Agent/Distributor Search:**

Once you have decided that a market is worth pursuing, you need to decide upon a sales strategy. Will you be selling through wholesalers and distributors? Will you be using agents or manufacturers' representatives? Using in-country resources and their networks of local contacts, the Department of Commerce's Foreign Offices can search out potential business contacts for your firm.

Our Foreign Office will research the market to find contacts handling your products or similar products. They use the information you supply to create a profile of your firm in the local business language and send it along with copies of your product literature to potential business partners. They will follow-up with each of the contacts and determine if there is serious interest in representing your product. Those companies voicing interest are then asked to complete a questionnaire on their company that provides information such as the markets to which they sell, total sales, customers they target, number of employees, length of time in business, payment preferences, technical expertise, warehousing capabilities, other U.S. products they represent, etc. This information is forwarded to you for review.

The Foreign Office will also arrange appointments for you in the market with companies who meet the criteria you have set for an agent or distributor and are interested in working with you. Expect from three to eight appointments over a two to three day period with each appointment lasting from one to two hours. You will travel to the foreign company's place of business for these appointments. In some cases, this may mean traveling to other cities in the country to meet with the best candidates. The Department prefers not to conduct searches unless you are willing to travel to the market. However, we can develop a list and pre-qualify the candidates upon request. You can make other arrangements to interview the candidates either at your facility, a trade show, or through teleconferencing.

**Agent/Distributor Search cost \$550 per country.**

**If you would like an Agent/Distributor Search within 90 days of the completion of a Market Viability Study in the same market, you will only be charged \$450 for the second service.**

**Searches are priced per market and per product.**

## **Client/End-User Search:**

In some markets, distribution networks may not yet exist for your product. The small size of a market, big distributor markups, or your firm's own internal structure may make selling directly to the end-user a preferred option. Our Foreign Offices can conduct Client/End-User Searches when you want to sell direct to end-use customers or when you want to provide your distributor with customer lists. Our Foreign Office can:

- Provide you with a list of companies and you market directly yourself.
- Develop a list of companies and send your brochure to them along with a translated cover letter.
- Develop a list, send your brochure and then call the companies back to see if there is interest in your product.
- Make appointments with customers.
- Any combination of the above.

In addition to the base costs for the search, you may need to pay for the costs of delivering your brochures to customers and there may also be some incidental labor charges for making follow-up phone calls if the numbers of contacts exceed the average for distributor searches.

**Client/End-User Search cost \$550 per search.**

## Special projects

If your company requires help with additional market research, investigation into specific regulatory issues, or other special projects, our overseas staff can help. Depending on the type of service required, there may be an hourly fee with a maximum number of hours quoted in advance. Please discuss this option with your Outreach Consultant.

## Lead-time required for services:

As a general rule, allow 4-6 weeks before the work can be started. From that start date; add 6-8 weeks to complete Distributor Searches and Client End User Searches. Product Market Overview average from 2-6 weeks to complete. These are general estimates only. Some work may not require as much time and may be started sooner depending on the country and the workload. Others may take longer than noted depending on the difficulty of the product and available information sources.

## Planning your trip to the market to coincide with completion of your search:

We highly recommend that once your search is completed, you travel to the market to meet with the contacts we have found for you. In our experience, 80% of the companies who travel to the market sign a distributor or sales agreement within 6 months. Conversely, less than 30% of companies who choose not to travel to the market are successful in finding the right partner.

It is important that you plan your trip to the market to coincide with the completion of your search. Generally, setting your appointments for within 30-45 days after our office first contacts your potential partner is acceptable. The rule is, the sooner the better. If you wait beyond 60 days after we have contacted the foreign client, it may be difficult to regenerate interest in your company.

## Issues you should be aware of regarding your meetings:

**1) Expect to see distributors that handle non-related products.** While distributors in the US frequently are very focused, handling a narrow range of products, foreign distributors can often have a more

varied product mix. Thus, you may be meeting with distributors who are not solely focused on your product sector. We often find that your product has never been introduced to the market, or that the current sales in the market are too small to warrant specific product distributors. This is often disconcerting for American companies who are accustomed to working with distributors that handle only their specific product. A common comment we receive from Wisconsin companies is "the list you gave me does not appear to be focused on my product and I'm concerned about meeting with these companies." However, after the meetings we often hear "I was concerned, but now I understand why you set up the appointments." You need to be flexible to be successful in foreign markets.

**2) Often, the best distributors are also manufacturers of a competing product.** In many cases, these companies will already make a product similar to yours. Do not discount these contacts solely due to competition, as they are often the best distributors in the market.

**3) Signing the best distributor requires effort on your part.** The best distributors tend to be very busy and already have a full line of products. To encourage those distributors to take on your product you may need to nurture those contacts to a much greater extent than you would in the United States.

**4) Meet with all of your appointments.** When making appointments on your behalf, the Department of Commerce and its Foreign Offices have placed our credibility on the line with foreign clients. Failing to meet with a scheduled appointment seriously damages our reputation and relationships with these companies and our ability to successfully introduce them to other Wisconsin companies.

**5) Follow-up is your responsibility in foreign markets.** Unlike the United States, the responsibility for follow-up with foreign distributors lies with you. Do not expect the foreign distributor in Latin America and Asia to call you back after you have met with them. Culturally, the responsibility for making the follow-up contacts and setting up a distribution agreement lies with you. The U.S. Department of Commerce cites this as one of the major reasons for a lack of success in foreign markets. While meeting with a potential distributor, establish a clear understanding as to the next steps you will take and make sure your distributor knows exactly what you plan to do and when. Then, follow-up on your own, do not wait to be contacted.

**6) Use your meetings to collect market intelligence.** You may find yourself in a meeting with a company that does not appear to be a fit for you. Even though you've made your decision, use that meeting to collect as much market intelligence about potential sales,

competitors, regulations, etc. as possible. Ask market-related questions in all your meetings.

## **Combine your next foreign trade show with a distributor search**

Organizing a trip to the foreign market to coincide with a trade show and the completion of your distributor search can greatly enhance your opportunities of success in the market. Don't simply go to a trade show hoping that the right contacts visit your booth. Organize a distributor through our offices and let us set up confirmed appointments for you with pre-qualified contacts.

## **Trade Show Grant Program**

The Wisconsin Trade Project Program awards grants of up to \$5,000 to Wisconsin companies with annual sales of less than \$25 million to reimburse the cost of specific overseas trade show expenses in new markets.

Reimbursement is possible for the costs of booth space, translating company literature, or shipping displays, samples and promotional materials. The funds can also be used to pay for a distributor search.

A Wisconsin-based company representative must attend the event at company expense and a company must submit an export development plan with its application. Priority is given to firms that are new to exporting. For more information on the grant program, contact the Outreach Consultant in your region of the state.

## **Guaranteed satisfaction**

The Department of Commerce subsidizes the work you need done in foreign markets. Private sector consultants can charge from \$5,000 to \$10,000 plus expenses for distributor searches in foreign markets. The State of Wisconsin believes that these high costs can be a barrier to expanding the sale of Wisconsin manufactured goods in foreign markets. To address this, the State contracts with high quality consultants in foreign markets and through a contracting mechanism is able to substantially reduce the cost of services to you.

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